

SUMMARY ANALYSIS OF AMENDED BILL

Author: Cedillo Analyst: Raul Guzman Bill Number: SB 1374
 Related Bills: See Prior Analysis Telephone: 845-4624 Amended Date: April 17, 2006
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: FTB Disclosure Of Tax Return Information to Cities/Extend Repeal Date To December 31, 2010

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED _____ STILL APPLIES.

☒ OTHER – See comments below.

SUMMARY

This bill would extend the repeal date contained in the current law that allows the Franchise Tax Board (FTB) to provide tax information to tax officials of any city in California.

SUMMARY OF AMENDMENTS

The April 6, 2006 amendments deleted a section that applied to the Employment Development Department (EDD) and did not impact FTB.

The April 17, 2006 amendments restored a repeal date and extended it to December 31, 2010. In addition, it added new penalties for unlawful disclosure of information.

As a result of these amendments, the "This Bill" portion of the analysis as introduced February 21, 2006, has been revised and new implementation concerns have been identified. The remainder of the analysis of the bill as introduced on February 21, 2006, still applies.

Board Position:

_____ S _____ NA _____ NP
 _____ SA _____ O _____ NAR
 _____ N _____ OUA ☒ PENDING

Legislative Director

Date

Brian Putler

5/1/06

THIS BILL

This bill would extend the current law that allows FTB to provide taxpayer information to city officials by changing the December 31, 2008 repeal date to December 31, 2010.

This bill would add a new penalty by applying R&TC Section 19542.3 to this section. Section 19542.3 states that any person who willfully divulges or makes known software information, as defined by Section 19504.5 (d)(1), can be imprisoned in the county jail not more than one year, or in the state prison not more than five years, or fined up to \$5,000, or both fines and imprisonment.

R&TC Section 19504.5 (d)(1) defines software as computer software source code and computer software executable code.

In addition, this bill adds a subdivision that states, "Nothing in this section shall be construed to affect any obligations, rights, or remedies regarding personal information provided under state or federal law."¹

IMPLEMENTATION CONCERNS

The department has identified the following implementation considerations.

This bill would make it a crime for an employee of a city who receives taxpayer information electronically from the department to divulge software information. However, the department is prohibited from sending software information to a city to begin with. The current language incorporates by reference a R&TC section that makes it a crime for department employees to divulge computer software source or executable code obtained by the department. Department staff is available to assist the author in drafting language to accomplish the desired intent.

This bill attempts to accomplish the author's intent to prevent cities from giving taxpayer information to third parties. Current law already prohibits such disclosures. In addition, the language this bill would add does not accomplish the author's intent. Department staff is available to assist the author in drafting language to accomplish the desired intent.

LEGISLATIVE STAFF CONTACT

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¹ Section 19551.1(e).